

## 808 KAR 10:160. Definitions for 808 KAR Chapter 10.

RELATES TO: KRS Chapter 292

STATUTORY AUTHORITY: KRS 292.500(3)

NECESSITY, FUNCTION, AND CONFORMITY: KRS 292.500(3) authorizes the commissioner to promulgate administrative regulations necessary to carry out the provisions of KRS Chapter 292. This administrative regulation establishes the definitions for terms used in 808 KAR Chapter 10.

Section 1. Definitions. (1) "Current financial statement" means:

(a) A balance sheet of the issuer as of a date within four (4) months prior to the filing of the claim of exemption;

(b) A profit and loss statement audited by an independent, certified public accountant for the latest fiscal year presented for:

1. The three (3) fiscal years preceding the date of the balance sheet;

2. The period between the close of the last fiscal year and the date of the balance sheet; or

3. The period of the issuer's and its predecessor's existence if less than three (3) years; or

(c) If a part of the proceeds of the offering is to be applied to the purchase of a business, the same financial statements that would be required if that business were the issuer.

(2) "Investment intent" or "purchasing for investment" means that:

(a) The security shall:

1. Be kept by the purchaser as an investment without a disposition for a period of at least one (1) year;

2. Not be purchased with a view to, or for resale in connection with, a distribution; and

3. Not be disposed of if the security is not either registered or exempt from registration under KRS Chapter 292; and

(b) The purchaser of the security:

1. Shall be prepared to bear the economic risk of the investment for an indefinite period of time; and

2. Has no need for liquidity of the investment.

(3) "Promotional company" means:

(a) A corporation which does not have:

1. A substantial public market for its shares as evidenced by the number of market makers and the trading volume; and

2. Significant earnings; or

(b) A corporation which does not have:

1. A public market for its shares; and

2. Justification for its proposed public offering price on the basis of past earnings.

(4) "Significant subsidiary" means a subsidiary meeting one (1) of the following conditions:

(a) The assets of the subsidiary, or the investments in and advances to the subsidiary by the issuer and the issuer's other subsidiaries, if any, exceed ten (10) percent of the assets of the issuer and its subsidiaries on a consolidated basis;

(b) The sales and operating revenues of the subsidiary exceed ten (10) percent of the sales and operating revenues of the issuer and its subsidiaries on a consolidated basis; or

(c) The subsidiary is in control of or can significantly influence one (1) or more other subsidiaries and, together with those subsidiaries would, if considered in the aggregate, constitute a significant subsidiary.

(5) "Subsidiary" means an affiliate controlled or significantly influenced by the issuer directly or indirectly through one (1) or more intermediaries. (8 Ky.R. 183; eff. 10-7-81; Am. 20 Ky.R. 649; eff.

11-8-93; 24 Ky.R. 2182; 89; eff. 6-25-98; TAm eff. 11-7-2012; Crt eff. 2-27-2020.)